

**Lawrence Berkeley National Laboratory
Contract Assurance Council Meeting
Meeting Minutes**

**Wednesday, July 12, 2006
University of California—Office of the President
LBNL, Building 50, Room**

CAC members or representatives present:

Bob Foley	Larry Coleman	Gary Falle for Bruce
Bob Van Ness	Susan Thomas for Jeff	Darling
John Birely	Blair	John Oakley
Lynn Boland for Judy	Anne Broome	Buck Koonce
Boyette	Patrick Reed	John Layton

CAC members absent:

Karen Clegg

UCOP Staff:

Sharon Eklund by phone

Guest participants:

Aundra Richards, BSO	Jeffrey Fernandez, LBNL	Adam Stone, LBNL
Jim Krupnick, LBNL	Howard Hatayama,	Bill Eklund, UCOP
John Chernowski, LBNL	LBNL	Ron Nelson, UCOP, by
Dave McGraw, LBNL	Dwayne Ramsey, LBNL	phone
Sandy Merola, LBNL	Mike Costello, LBNL	

Introductory Remarks/Action Item Review

Bob Van Ness welcomed members and guests to the Contract Assurance Council (CAC) Quarterly Meeting. Buck Koonce reviewed the open Action Items (see end of minutes for detailed listing of Items):

- Items 5, 6, 7—These items have been addressed with this meeting;
- Items 12 and 13—These will remain open until discussion at a future meeting;
- Item 14—This will be discussed as part of today's agenda;
- Item 15—John Chernowski reported that the rod that had mistakenly been thought to be a previously inventoried thorium rod, in fact, contained too little accountable material to appear on the inventory. This item will be closed;
- Item 16—David McGraw reported that the Advisory Board Report is not yet complete. Director Chu has reminded Norm Augustine that LBNL would like a copy of the report as soon as it is;
- Items 19, 20, 21—These will remain open until discussion at a future meeting; and
- Item 22—This item will be presented at the next quarterly meeting.

The Council members unanimously approved the minutes of the June 14, 2006, meeting as submitted

Cyber Security Assistance Visit

Dwayne Ramsey, LBNL Computer Protection Program (CPP) Manager, and Adam Stone, LBNL Associate Liaison to DOE, reported that the Laboratory is very engaged in the DOE information technology (IT) program. In order to implement its risk-based, cost/benefit approach to cyber security, the Laboratory has assigned costs to information and estimated the probabilities of loss, allowing managers to weigh the cost of protection against the cost of loss. The standard challenges of protecting information are exacerbated at LBNL by the diverse participation in research endeavors—about one-half of the people on site at any one time are not LBNL employees, and foreign nationals play a major role (for example, nearly the entire technical staff at CERN participates in LBNL research). The Laboratory management has determined that they must take a rational approach to accepting some risk. (There is no classified information at LBNL.) The CPP has four full-time and two part-time staff. Aundra Richards, DOE/Berkeley Site Office (BSO) Manager, accredits the overall IT system for a period of three years. (The current accreditation is up for renewal next year.) The Lab has divided its computer information into six enclaves and bases the protection strategy on defense-in-depth; BRO (a blocking router) is a key element of the overall strategy.

Four DOE contractors and a DOE/Office of Science (SC) observer participated in the assistance visit. While the team found that the Lab has an “impressive security posture” and labeled LBNL as the best cyber site in SC, they felt the wireless risk accepted by the Lab is inappropriate. The team will return in six months for a follow-on visit, and they have not yet issued a final report.

The major current cyber security challenges LBNL faces include better integration with the campuses and pressure from DOE to have one information technology structure for all the SC labs.

ES&H Peer Review Validation Results

David McGraw, LBNL Chief Operating Officer, explained to the Council that at the end of calendar year 2005, the Chair of the UC Regents received a letter from DOE regarding deterioration of the LBNL safety performance. To address the problem, Richards and McGraw agreed to arrange for a peer review with three DOE observers and a follow-up DOE validation visit. Howard Hatayama—LBNL Acting Environment, Health, and Safety Division Director—reported information from the validation visit out-brief since he has not yet received the final written report. The validation team agreed that the Corrective Action Plan (CAP) is adequate if

- BSO sets expectations for safety excellence,
- BSO with LBNL improves the clarity of the corrective actions and develops metrics, and
- BSO oversees the corrective actions to assure that the expectations are being met.

The team observed some noteworthy areas:

- Credible root cause analysis as demonstrated by a rigorous program and a cadre of root cause experts being developed;
- Lab leadership commitment and line management involvement; and
- Collaboration with DuPont, Intel, and other industry leaders.

The team also observed that the strategy for prioritizing the 97 CAP actions is missing from the Plan and that the outcomes need to be measurable.

John Layton commented that the desired outcome is safer execution of the mission. He asked how Principal Investigators (PIs) manage graduate students and post-docs when it comes to health and safety and added that he would like to have a better understanding of how PIs work (and how they manage and are managed). He observed that there are 1400 PIs who seem to be relatively independent actors, and issues related to them have arisen in the recent past in ES&H performance, Lab credit card usage, and management of controlled substances.

The Lab is struggling to identify robust leading indicators of safety and methods of earlier detection of potential problem areas. The central challenge is changing the culture. (For example, how does LBNL hold a PI accountable for safety management responsibility without line management responsibility over the students?) In terms of the continuum of safety excellence, the validation team interviewed employees who judged the Lab to be between 3 and 4 on the Phase 0 to 5 scale; the team determined that the reality is more likely between 2 and 3. The biggest vulnerability is the PI/post-doc environment. The validation team recommended a Podonsky-like review of safety at LBNL. Richards has decided to commission McCallum and Turner to perform a concurrent review of BSO, perhaps in September. The current safety performance is in the A+ range for FY06, but there are more challenges ahead in FY07.

Risk Registry

Due to meeting time constraints, John Chernowski suggested that he could skip his presentation on this topic and instead distribute the hardcopy Risk Registry to Council members at the close of the meeting. Members agreed with the suggestion.

FMFIA Assurance Letter

Mike Costello, LBNL Controller, explained that the Lab has demonstrated having adequate internal controls in place based on a rigorous self-assessment program, numerous internal and external audits, and various enhancements, which include

- An expanded-scope audit performed by PricewaterhouseCoopers;
- The OMB Circular A-123 project;
- Time and Effort (T&E) reporting improvements. Anne Broome, suggested that LBNL look at the new campus T&E reporting that has been implemented at five campuses to date;
- Tighter controls over employee meal expenses; and

- Implementation of the LBNL Oversight Advisory Board and CAC.

Auditors identified a problem with probable underutilization of the GSA vehicles, and the Lab has begun returning some vehicles.

Accounts Payable

Costello reported that a number of corrective actions have been taken, and Accounts Payable performance has improved. Auditors identified a potential problem with vendor master administration issues. Susan Thomas requested to see the policy and procedures regarding who in Purchasing should have access to the vendor master.

Executive Session

This was a closed session for Council members and UC staff.

Wrap Up, Action items, and Adjournment

The CAC members decided to defer the Risk Registry discussion to the next meeting.

Action Items:

#	Responsible Party	Action	Date Added	Status
12	Hatayama LBNL	Personally review LBNL select agent processes and personnel to assure appropriate controls are in place—report back to CAC.	05/10/06	OPEN
13	Eklund UCOP	Add <i>Select Agents</i> as a topic to a future CAC agenda.	05/10/06	OPEN
16	Merola LBNL	Provide LBNL Advisory Board report to CAC when complete.	05/10/06	OPEN
19	Merola/ Burnside LBNL	Define operational requirements and associated agreements in regard to LBNL research on UCB campus. This includes ES&H and other operational requirements.	06/14/06	OPEN
20	Merola LBNL	Explain how LBNL manages Principal Investigators.	06/14/06	OPEN
21	McGraw/ Hatayama LBNL	Report on controlled substances process improvements.	06/14/06	OPEN

23	Koonce/ Eklund UCOP	Provide Susan Thomas, UC-GC, a copy of the policy and procedures regarding who in Purchasing should have access to the vendor master.	07/12/06	Done—sent on 07/19
		<i>On-going Actions</i>		
5	Eklund UCOP	Schedule a ten-minute Executive Session at the close of each CAC quarterly meeting.	04/12/06	Quarterly Action
6	Eklund UCOP	Schedule quarterly CAC meetings to be held at LBNL.	04/12/06	Quarterly Action
7	Hirahara UCOP	Implement a call for agenda topics prior to each meeting.	04/12/06	Monthly Action
22	Fernandez	Report quarterly on supply chain initiative planned cost savings versus actual.	06/14/06	Quarterly Action
		<i>Completed or Cancelled Actions</i>		
1	Chernowski LBNL	Modify Risk Registry report to include a column in which BSO concurrence with the current status of the item can be indicated.	04/12/06	Cancelled
2	Chernowski LBNL	Plan C31 Risk Registry updates for the quarterly meetings and as-needed at the monthly meetings.	04/12/06	Done—next report at 07/12 meeting
3	Fernandez LBNL	Brief the Council on how LBNL is tracking cost savings and the current status.	04/12/06	Done—held on 6/14
4	Chernowski LBNL	Schedule a dry run of the presentation to senior LBNL and BSO management of second quarter performance. (UC-internal only).	04/12/06	Done—held on 05/02
8	Merola LBNL	Provide the Council with the number of LBNL PIs working with controlled substances.	05/10/06	Done—presented on 6/14
9	Merola LBNL	Provide the Council with the quantity of controlled substances ordered by LBNL annually.	05/10/06	Done—presented on 6/14

10	Merola LBNL	Provide the Council with the number of discrete locations where controlled substances are handled at LBNL.	05/10/06	Done— presented on 6/14
11	Hatayama LBNL	Personally review LBNL controlled substance and drug precursor processes and personnel to assure appropriate controls are in place—report back to CAC.	05/10/06	Done— presented on 6/14
14	Eklund UCOP	Add <i>Accounts payable</i> as a topic to a future CAC agenda.	05/10/06	Done— presented on 7/12
15	Krupnick LBNL	Provide CAC with further detail on the thorium inventory and reportability.	05/10/06	Done— presented on 7/12
17	Hirahara LBNL	Invite Aundra Richards to 07/12 Quarterly CAC Meeting.	05/10/06	Done— discussed on 6/14
18	Koonce LBNL	Identify the UCOP senior management “owner” of the LBNL bonding issue.	05/10/06	Done— presented on 6/14